
Media information

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Volkswagen Group and PowerCo SE launch site search for first gigafactory in North America

- **Volkswagen Group and Canadian government agree to identify suitable sites for PowerCo cell factory in Canada**
- **CEO Oliver Blume: “Canada is a logical option for the construction of a gigafactory in the North American region”**
- **Battery company PowerCo and materials technology group Umicore intend to extend cooperation on cathode material to Canada**

Wolfsburg, December 1, 2022 – The Volkswagen Group and its battery company PowerCo SE founded in July 2022 intend to accelerate the build-up of their global battery business through rapid expansion to North America. Volkswagen CEO Oliver Blume and the Canadian Minister for Innovation, Science and Industry, François-Philippe Champagne, signed in Wolfsburg today an Addendum to the non-binding Memorandum of Understanding (MoU) of August this year to identify suitable sites for a cell factory in Canada. The two parties will continue their cooperation in the areas of battery value creation, raw material supply chains and cathode material production which had been established in August. Furthermore, PowerCo and materials technology group Umicore have agreed to investigate a strategic supply agreement on cathode material for North America. In September, the two companies had announced that they would cooperate in Europe by forming a joint venture for precursor and cathode material production.



(from left) The Canadian minister for Innovation, Science and Industry François-Philippe Champagne, Thomas Schmall, Group Board Member for Technology at Volkswagen AG, Oliver Blume, CEO Volkswagen AG

Volkswagen Group CEO Oliver Blume: “Battery technology is key for our strategy – which is why we are forging ahead with the expansion of battery business at full speed. Canada is one logical option for the construction of a gigafactory in the region of North America. The country offers high sustainability standards and ideal economic conditions and the government of Canada has already proven to be a strong and reliable partner. This is just the beginning: The EV market in North America is at a turning point and we’re committed to investing across the entire region to leverage this historic chance for Volkswagen and our customers.”

The Honourable François-Philippe Champagne, Canada’s Minister of Innovation, Science and Industry : “The auto industry is vital to the Canadian economy, supporting hundreds of thousands of families. And as the world transitions to a cleaner and more sustainable economy, Canada’s highly-skilled workers will be key in helping to build the green vehicle of the future. Today’s announcement between Canada and VW represents another major step forward, continuing our shared work to grow Canada’s and Germany’s clean transportation sector and meet global and North American demand for zero emission vehicles.”

The Addendum to the MoU was signed within the framework of Volkswagen Group Technology’s “be more” global leadership conference in Wolfsburg.

The Volkswagen Group and Canada had signed the MoU in August 2022. For the development of sustainable battery production, the two parties intend to continue their cooperation on the basis of ESG (environmental, social and corporate governance) criteria between PowerCo and the Canadian mining sector, which is seen as a world leader in responsibility and transparency.

The key element in the Addendum now signed is the search for potential sites for a gigafactory. Board Member for Technology of Volkswagen AG and Chairman of the Supervisory Board of PowerCo SE Thomas Schmall: “For each investment in environmentally sustainable battery production, we will not only consider site characteristics and infrastructure but also, and especially, the availability of adequate quantities of energy from renewable sources and competitive financial conditions.” He added that Canada was being considered on the shortlist of sites for a North American plant in addition to other options, commenting as follows: “PowerCo will conduct intensive negotiations with all parties concerned in the near future with a view to identifying the most competitive site.”

Additional cathode material agreement between PowerCo and Umicore

For the development of the cell production supply chains required in North America, PowerCo SE and Belgian materials technology group Umicore are intensifying their existing cooperation on the development of regional supply chains for sustainable battery materials. The partners today signed an MoU concerning a long-term strategic partnership to secure cathode materials for future cell production in North America.

Cathode material is crucially important for the transformation towards e-mobility, representing the key technological lever for battery performance and the main cost factor, accounting for about 50 percent of the total value of the cell. The two partners already agreed in September to establish a joint company which will supply key materials for the production of the PowerCo unified cell to PowerCo's European battery cell plants from 2025. By the end of the decade, the partners will produce cathode materials and their precursors for 160 gigawatt-hours of cell capacity per year in Europe, corresponding to an annual production capacity of about 2.2 million all-electric vehicles. The transaction remains subject to regulatory approval and customary closing conditions.

Through the additional strategic supply agreement, the partners are extending their cooperation to Canada. The objective is to secure capacities at competitive prices as well as firm delivery agreements for cathode materials and their precursors for the future cell production of PowerCo SE. This concerns a volume of up to 40 gigawatt-hours (GWh) per year in 2030, corresponding to about 550,000 all-electric vehicles. Deliveries are planned to start in 2027. In order to supply several partners, Umicore plans to start construction of a plant for the large-scale industrial production of cathode materials and precursors in Canada from 2023 onwards. This plant will be the first of its type in North America.

Jörg Teichmann, Chief Purchasing Officer of PowerCo SE: "This partnership will provide PowerCo with access to locally produced cathode materials for cell production in North America. We will benefit from tried and tested cooperation and the product quality of Umicore."

Ralph Kiessling, EVP Energy & Surface Technologies at Umicore: "Taking our partnership across the Atlantic would foster Umicore's and PowerCo's shared strategic convictions of enabling and accelerating clean mobility on a secure and sustainable local-for-local basis. For Umicore, a long-term cooperation with PowerCo would support our plans to build Canada's first-of-its-kind precursor and cathode materials facility."

PowerCo consistently forges ahead with global battery business

PowerCo SE is a key player in the development of the battery value stream in North America. Under the management of CEO Frank Blome, the company is responsible for the Group's global battery activities and will safeguard supplies of battery cells for Volkswagen's e-mobility offensive. The rapidly growing battery cell business is a cornerstone of Volkswagen's NEW AUTO strategy, which aims to make the Group the leading provider of sustainable, software-driven mobility. Together with partners, PowerCo SE is ramping-up highly standardized cell production capacities throughout the world in order to meet the growing demand for cells for sustainable battery-electric mobility.



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